




# BUDGET MEMO # 19

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DATE: April 5, 2013

TO: The Honorable Mayor and Members of the City Council

FROM: David Hodgkins, Assistant City Manager/Director of Finance

THROUGH: Robert Sisson, City Manager 

SUBJECT: HB 2313 Transportation Funding Bill

## **Background**

HB 2313, as amended by the Governor will go into effect July 1, 2013. The bill contains statewide and regional revenue components that will provide roughly \$840 million annually for transportation funding by FY2018, as well as a regional component for Northern Virginia which will provide another \$300 - \$350 million annually.

The additional revenue generated for Northern Virginia will result from the state imposing an additional state sales tax of 0.7%, an additional 3.0% state transient occupancy tax, and an additional state recordation fee equal to \$0.15 per \$100 of the value of the real property for which the deed, instrument, or writing is being recorded. The additional revenues are deposited into a Northern Virginia Transportation Authority Fund, with 30% of the funds being distributed to the member localities for use on transportation projects, and the remainder to be used for regional transportation projects. The 30% allocation will be distributed to the individual localities provided that locality imposes its commercial/industrial tax at the maximum rate of 12.5 cents per \$100 of assessed value (or dedicated an equal amount of revenue from an alternate source). In general, the revenue allocated to each jurisdiction may be used for (1) transportation projects which increase capacity and (2) costs related to transit (i.e. CUE expenses).

The following chart summaries the potential impact to the City in terms of its 30% share of the Northern Virginia revenue component.

**HB 2313 Transportation Funding Bill  
30% Allocation of Regional Component  
Potential Annual Impact**

**State Funding:**

State Sales Tax	2,100,000
State Transient Occupancy Tax	180,000
State Recordation Fee	<u>180,000</u>

**Total - State Funding** **2,460,000**

**City Generated Tax Revenue:**

Commercial Industrial Tax (7 cent increase)	<u>1,288,000</u>
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**Total Additional Funds Available** **3,748,000**

**Qualified Proposed FY 2014 Expenditures:**

Transfer to Transit Fund (CUE)	666,826
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